

Message Text

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12

ACTION AGR-20

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FM AMEMBASSY KHARTOUM

TO SECSTATE WASHDC 8301

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E.O. 11652: N/A

TAGS: EAGR, ETRA, SU

SUBJ: THIRD TENDER FOR SUDANESE COTTON

REF: A. KHARTOUM 0715; B. KHARTOUM 1009

1. COTTON PUBLIC CORPORATION, CPC, RELEASED JUNE 5, THIRD
1974 SALES NOTICE OFFERING FURTHER UNSPECIFIED QUANTITIES
OF 1974 CROP TOGETHER WITH 11,170 BALES OF 1973 PRODUCTION,
AS FOLLOWS:

1974 CROP

GRADES 1B TO GRADE 5 B FOR SHIPMENT JUNE/DEC. B/O
GRADES X6B TO GRADE D6B FOR SHIPMENT AUGUST/DEC. B/O
GRADES GVS TO GRADE 3VS FOR SHIPMENT JUNE/DEC. B/O
GRADES X4VS TO GRADE 5VS FOR SHIPMENT JULY/DEC. B/O

1973 CROP

BARAKAT/73 - 7800 BALES
V.S./73 - 3370 BALES

IN FIRST TENDER (REF A) SUCCESSFUL BIDDERS WERE TO OPEN
L/C COVERING FULL COTOON VALUE PAYABLE DATE OF SHIPMENT
OR END OF DECEMBER 1974 WHICHEVER EARLIER. IN
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SECOND TENDER (REFTEL B), HOWEVER, THOSE TERMS WERE

RELAXED ENABLING SUCCESSFULLY BIDDERS PROVIDE LETTER OF GUARANTEE FOR 25PCT OF COTTON VALUE WITH VALIDITY UP TO JANUARY 15, 1975 PROVIDED THAT FULL VALUE OF COTTON ACTUALLY SHIPPED IS PAID BY L/C PAYABLE AS ABOVE. IN THIS TENDER SUCCESSFUL BIDDERS ARE GIVEN OPTION TO SELECT EITHER METHOD. HOWEVER, IN CASE FULL PAYMENT VIA L/C, COTTON REMAINING UNSHIPED UNTIL END OF YEAR, ACCRUES CARRYING CHARGES OF ONLY 1/4 (QUARTER OF ONE PERCENT) PER MONTH PRORATA WHILE COTTON REMAINING IN SUDAN COVERED BY LETTER OF GUARANTEE WOULD BE ACCESSED 1 PCT (ONE PERCENT) PER MONTH PRORATA --FOUR TIMES AS HIGH AS IN SECOND TENDER -- UNTIL END OF YEAR OR DATE OF SHIPMENT WHICHEVER IS EARLIER.

2. IT HAS ALSO BEEN STIPULATED IN THIS TENDER BIDS WILL EITHER BE FINALLY ACCEPTED OR REJECTED WITHOUT ANY CHANCE FOR FUTURE NEGOTIATIONS.

3. OTHER TERMS AND CONDITIONS REPORTED IN REFTTEL (B) REMAIN UNCHANGED. CLOSING DATE JUNE 13, 1974.

4. COMMENT: WHILE NOT AS RIGID AS FIRST TENDER (REF A), TERMS BEING OFFERED THIS TIME CLEARLY INDICATE CPC MORE CONFIDENT ITS POSITION THAN AT TIME SECOND TENDER (REF B). THIS IN TURN REFLECTS POSITIVE RESULTS OF SECOND TENDER. PRICES OFFERED BY FREE CURRENCY COUNTRIES (FCC) ROSE FROM AVERAGE 76 CENTS TO 90 CENTS PER POUND WHILE THERE WAS LITTLE CHANGE IN OFFERS PAYMENT AGREEMENT COUNTRIES (PAC). AS RESULT THIS INCREASES, SALES TO FCC ROSE FROM 5,000 TO 32,000 BALES WHILE THOSE TO PAC DROPPED FROM 47,000 TO 18,000. MOREOVER, TOTAL SALES ROSE FROM 52,000 BALES (GOS HELD BACK PORTION FIRST TENDER DUE LOW PRICES) TO 90,000 (THIS INCLUDES 40,000 BALES TO PRC WHICH FALLS SOMEWHERE BETWEEN FCC AND PAC IN TERMS ITS PAYMENT ARRANGEMENTS). LATEST TENDER CLEARLY GIVES BUYERS CHOICE, BUT AT SAME TIME ENCOURAGES L/C SALES WHICH WILL RESULT IN QUICKER HARD CURRENCY RETURN TO SUDAN.

5. AS FOR AMOUNTS AVAILABLE FOR SALE, FINAL FIGURES FOR 1973/74 CROP HAVE NOT YET BEEN RELEASED, BUT WE CONTINUE BELIEVE PRELIMINARY REPORT (KHARTOUM 1000) REMAINS LARGELY ACCURATE.

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